

AICPA ABV EXAMINATION 2009

Content Specification Outline

The content of the Accredited in Business Valuation (ABV) exam has been developed to test a candidate’s understanding of the business valuation body of knowledge generally accepted by the business valuation community. The content of each of the five topical sections is described in outline form and provides an overview of the knowledge and skills tested on the ABV Examination. The percentage range following each major content area in the outline represents the approximate weighting for that content area. The examination questions are intended to test each content area and its logical extensions.

The examination is divided into two 4-hour sections: Part I, the morning session, and Part II, the afternoon session. Each section consists of: (1) multiple-choice questions intended to test technical knowledge concerning business valuation; and (2) case studies with multiple-choice questions focusing on the practical application of business valuation knowledge. The exam is fully computerized.

Section	Topic/Content	Referenced Readings
I. THE ENGAGEMENT 3-6%		
This Section covers knowledge related to defining the engagement, writing the engagement letter, and the basic business valuation process.	A. PURPOSES FOR BUSINESS VALUATION/STANDARDS OF VALUE	
	1. Definitions of standards of value (commonly used)	Hitchner, James R. 2006. <i>Financial Valuation: Application and Models</i> , 2nd ed. New York: John Wiley & Sons, chap. 1,12,15,17,21.
	a. Fair market value	Trugman, Gary R. 2008. <i>Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses</i> , 3rd ed. New York: AICPA, chap. 3,4,15,17,19.
	b. Fair value (financial reporting)	Pratt, Shannon P., Niculita, Alina V. 2008. <i>Valuing a Business: The Analysis and Appraisal of Closely Held Companies</i> , 5th ed. New York: McGraw-Hill, chap. 2,11,37.
	c. Fair value (state law)	Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. <i>PPC’s Guide to Business Valuation</i> , 18th ed. Fort Worth: Practitioners Publishing Company, chap. 1,2,3,8.
d. Investment value		

Section	Topic/Content	Referenced Readings
	e. Intrinsic (fundamental) value	
	2. Relationship between purpose of the valuation and standard of value	
	B. OWNERSHIP CHARACTERISTICS	Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 1,3,4,7,8,13,15,16,17.
	1.Lack of control (minority) versus control	Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 2,3,10,11,15,16,17.
	2. Marketable versus nonmarketable	Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed. Fort Worth: Practitioners Publishing Company, chap. 2,3,8.

Section	Topic/Content	Referenced Readings
	C. PREMISE OF VALUE FOR BUSINESS INTERESTS	Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 4. Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 1,7,9,17. Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 2,3,11. Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed. Fort Worth: Practitioners Publishing Company, chap. 2.
	1. Going concern	
	2. Liquidation	
	D. ENGAGEMENT LETTERS	Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 3.
	1. Purpose	

	2. Content	Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 2. Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed. Fort Worth: Practitioners Publishing Company, chap. 3, Valuation Practice Aid (VAL) 4.
II. PROFESSIONAL AND REGULATORY STANDARDS 3-6%	A. AICPA	
This Section covers knowledge of the American Institute of Certified Public Accountants (AICPA) professional standards and guidelines, the Uniform Standards of Professional Appraisal Practice (USPAP), tax guidelines and federal laws related to business valuations.	1. Statement on Standards for Valuation Services No. 1 a. Introduction & Scope b. Overall Engagement Considerations c. Development d. The Valuation Report	AICPA's Statement on Standards for Valuation Services No. 1, Valuation of a Business, Business Ownership Interest, Security, or Intangible Asset. Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 2, app. 5,6.
	2. Code of Professional Conduct	AICPA Code of Professional Conduct

Section	Topic/Content	Referenced Readings
	3. Statement on Standards for Consulting Services (SSCS) No. 1	Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, app. 1.
	4. Statement on Auditing Standards Applicable to Fair Value Engagements	AICPA Statement on Auditing Standards (SAS) Nos. 73 and 101
	B. USPAP	

	1. Applicability	<p>Appraisal Foundation: Uniform Standards of Professional Appraisal Practice, 2008-2009 Edition.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 7,9,10.</p> <p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 2.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 1.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed. Fort Worth: Practitioners Publishing Company, chap. 1,2.</p>
	2. USPAP sections and interrelationships	<p>Appraisal Foundation: Uniform Standards of Professional Appraisal Practice, 2008-2009 ed.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 9,10.</p>
	3. Standard 3 – Appraisal Review, Development and Reporting	<p>Appraisal Foundation: Uniform Standards of Professional Appraisal Practice, 2008-2009 ed.</p>

Section	Topic/Content	Referenced Readings
	4. Standard 9 – Business Appraisal, Development	<p>Appraisal Foundation: Uniform Standards of Professional Appraisal Practice, 2008-2009 ed.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 9,10.</p>
	5. Standard 10 – Business Appraisal Reporting	<p>Appraisal Foundation: Uniform Standards of Professional Appraisal Practice, 2008-2009 ed.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 9,10.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 9.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 20.</p>

	<p>C. INTERNAL REVENUE SERVICE (IRS) AUTHORITY (RELATED TO VALUATION)</p>	
<p>1. Revenue Rulings</p>	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 4,13, app. 7,8,9,11,13-16.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 1,4,7,8,12,24.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 2,10.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 1,11,13,17,18,19,24,27.</p>	
<p>2. Revenue Procedures</p>	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 4, app. 10,12.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, add. 4 to chap. 7.</p>	
<p>2. Other IRS pronouncements- Technical Advice Memorandums, Private Letter Rulings, Chapter 14 Special Valuation Guidelines, and specific sections of the Internal Revenue Code.</p> <p>3. Deferred compensation and stock options</p> <p>4. Definition of a qualified appraiser and appraisal</p>	<p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 7,8.</p> <p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 4,16, app. 17,18.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 1,27,28,30,32.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed. Fort Worth: Practitioners Publishing Company, chap. 10,14.</p> <p>IRC 409A; IRS Notice 2007-78</p> <p>Notice 2006-96; 2006-46 IRB 1</p> <p>Proposed Reg. 1.170A-17(b)</p>	

Section	Topic/Content	Referenced Readings
	D. PRONOUNCEMENTS AND REGULATIONS RELATED TO INDEPENDENCE REQUIREMENTS WHEN PROVIDING BUSINESS VALUATION SERVICES TO ATTEST CLIENTS	AICPA Interpretation 101-3
III. QUALITATIVE AND QUANTITATIVE ANALYSIS 20-25%		
This Section covers knowledge of sources of data, techniques, and methods used to analyze business interests, value drivers, and risk assessment.	A. SOURCES OF ECONOMIC AND INDUSTRY DATA	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 5.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 6.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 2,9.</p> <p>Pratt, Shannon P. Business Valuation Body of Knowledge: Exam Review and Professional Reference. John Wiley & Sons. chap. 19.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed. Fort Worth: Practitioners Publishing Company, chap. 4.</p>
	B. MACROENVIRONMENT AND INDUSTRY ANALYSIS	
	1. Macroenvironment analysis	

Section	Topic/Content	Referenced Readings
	a. National and regional economic analysis	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 5.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 6.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 2,27.</p> <p>Miller, Warren D. 1999. Assessing Unsystematic Risk: Part I. CPA</p>

		<p>Expert, Vol. 5, No. 3 (Summer 1999), pp. 1-5.</p> <p>Miller, Warren D. 2000. Assessing Unsystematic Risk: Part II - The Macroenvironment. CPA Expert, Vol. 6, No. 1 (Winter 2000), pp. 1-5.</p> <p>Miller, Warren D. 2000. Assessing Unsystematic Risk: Part III - Market Structure. CPA Expert, Vol. 6, No. 3 (Summer 2000), pp. 1-5.</p> <p>Miller, Warren D. 2002. Assessing Unsystematic Risk: Part IV - Industry Dynamics. CPA Expert, Vol. 8, No. 1 (Winter 2002), pp. 1-5.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 4.</p>
	<p>b. Other macroenvironment analysis</p>	<p>Miller, Warren D. 1999. Assessing Unsystematic Risk: Part I. CPA Expert, Vol. 5, No. 3 (Summer 1999), pp. 1-5.</p> <p>Miller, Warren D. 2000. Assessing Unsystematic Risk: Part II - The Macroenvironment. CPA Expert, Vol. 6, No. 1 (Winter 2000), pp. 1-5.</p> <p>Miller, Warren D. 2000. Assessing Unsystematic Risk: Part III - Market Structure. CPA Expert, Vol. 6, No. 3 (Summer 2000), pp. 1-5.</p> <p>Miller, Warren D. 2002. Assessing Unsystematic Risk: Part IV - Industry Dynamics. CPA Expert, Vol. 8, No. 1 (Winter 2002), pp. 1-5.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 2,5,9,24.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 4.</p>

Section	Topic/Content	Referenced Readings
	<p>2. Industry analysis</p>	
	<p>a. Industry structure and life cycle analysis</p>	<p>Porter, Michael E. 1998. Competitive Strategy: Techniques for Analyzing Industries and Competitors, The Free Press, chap. 1,7-12.</p> <p>Miller, Warren D. 1999. Assessing Unsystematic Risk: Part I. CPA Expert, Vol. 5, No. 3 (Summer 1999), pp. 1-5.</p> <p>Miller, Warren D. 2000. Assessing Unsystematic Risk: Part II - The Macroenvironment. CPA Expert, Vol. 6, No. 1 (Winter 2000), pp. 1-5.</p> <p>Miller, Warren D. 2000. Assessing Unsystematic Risk: Part III - Market Structure. CPA Expert, Vol. 6, No. 3 (Summer 2000), pp. 1-5.</p> <p>Miller, Warren D. 2002. Assessing Unsystematic Risk: Part IV -</p>

		<p>Industry Dynamics. CPA Expert, Vol. 8, No. 1 (Winter 2002), pp. 1-5.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 4.</p>
	<p>b. Competitive strategies and analysis</p>	<p>Porter, Michael E. 1998. Competitive Strategy: Techniques for Analyzing Industries and Competitors, The Free Press, chap. 2-5,9-13.</p> <p>Miller, Warren D. 1999. Assessing Unsystematic Risk: Part I. CPA Expert, Vol. 5, No. 3 (Summer 1999), pp. 1-5.</p> <p>Miller, Warren D. 2000. Assessing Unsystematic Risk: Part II - The Macroenvironment. CPA Expert, Vol. 6, No. 1 (Winter 2000), pp. 1-5.</p> <p>Miller, Warren D. 2000. Assessing Unsystematic Risk: Part III - Market Structure. CPA Expert, Vol. 6, No. 3 (Summer 2000), pp. 1-5.</p> <p>Miller, Warren D. 2002. Assessing Unsystematic Risk: Part IV - Industry Dynamics. CPA Expert, Vol. 8, No. 1 (Winter 2002), pp. 1-5.</p>
	<p>3. Relationship of macroenvironment and industry analysis to valuation as of the valuation date</p>	<p>Miller, Warren D. 1999. Assessing Unsystematic Risk: Part I. CPA Expert, Vol. 5, No. 3 (Summer 1999), pp. 1-5.</p> <p>Miller, Warren D. 2000. Assessing Unsystematic Risk: Part II - The Macroenvironment. CPA Expert, Vol. 6, No. 1 (Winter 2000), pp. 1-5.</p> <p>Miller, Warren D. 2000. Assessing Unsystematic Risk: Part III - Market Structure. CPA Expert, Vol. 6, No. 3 (Summer 2000), pp. 1-5.</p> <p>Miller, Warren D. 2002. Assessing Unsystematic Risk: Part IV - Industry Dynamics. CPA Expert, Vol. 8, No. 1 (Winter 2002), pp. 1-5.</p>

Section	Topic/Content	Referenced Readings
	C. SUBJECT ENTITY ANALYSIS	
	1. S.W.O.T. (strengths, weaknesses, opportunities, and threats) analysis	<p>Porter, Michael E. 1998. <i>Competitive Strategy: Techniques for Analyzing Industries and Competitors</i>, The Free Press, chap. 2 -5,9-13.</p> <p>Miller, Warren D. 1999. <i>Assessing Unsystematic Risk: Part I</i>. CPA Expert, Vol. 5, No. 3 (Summer 1999), pp. 1-5.</p> <p>Miller, Warren D. 2000. <i>Assessing Unsystematic Risk: Part II - The Macroenvironment</i>. CPA Expert, Vol. 6, No. 1 (Winter 2000), pp. 1-5.</p> <p>Miller, Warren D. 2000. <i>Assessing Unsystematic Risk: Part III - Market Structure</i>. CPA Expert, Vol. 6, No. 3 (Summer 2000), pp. 1-5.</p> <p>Miller, Warren D. 2002. <i>Assessing Unsystematic Risk: Part IV - Industry Dynamics</i>. CPA Expert, Vol. 8, No. 1 (Winter 2002), pp. 1-5.</p>
	2. Firm economics (cost structure, pricing power, marginal analysis)	<p>Porter, Michael E. 1998. <i>Competitive Strategy: Techniques for Analyzing Industries and Competitors</i>, The Free Press, chap. 1, 7 - 12.</p> <p>Miller, Warren D. 1999. <i>Assessing Unsystematic Risk: Part I</i>. CPA Expert, Vol. 5, No. 3 (Summer 1999), pp. 1-5.</p> <p>Miller, Warren D. 2000. <i>Assessing Unsystematic Risk: Part II - The Macroenvironment</i>. CPA Expert, Vol. 6, No. 1 (Winter 2000), pp. 1-5.</p> <p>Miller, Warren D. 2000. <i>Assessing Unsystematic Risk: Part III - Market Structure</i>. CPA Expert, Vol. 6, No. 3 (Summer 2000), pp. 1-5.</p> <p>Miller, Warren D. 2002. <i>Assessing Unsystematic Risk: Part IV - Industry Dynamics</i>. CPA Expert, Vol. 8, No. 1 (Winter 2002), pp. 1-5.</p>
	3. Financial statements	
	a. Common size	<p>Trugman, Gary R. 2008. <i>Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses</i>, 3rd ed. New York: AICPA, chap. 6.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008, <i>Valuing a Business: The Analysis and Appraisal of Closely Held Companies</i>, 5th ed. New York: McGraw-Hill, chap. 8.</p> <p>Hitchner, James R. 2006. <i>Financial Valuation: Application and Models</i>, 2nd ed. New York: John Wiley & Sons, chap. 3.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. <i>PPC's Guide to Business Valuation</i>, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 4 and appendices.</p>

Section	Topic/Content	Referenced Readings
	b. Trend analysis	<p>Trugman, Gary R. 2008. <i>Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses</i>, 3rd ed. New York: AICPA, chap. 6.</p> <p>Hitchner, James R. 2006. <i>Financial Valuation: Application and Models</i>, 2nd ed. New York: John Wiley & Sons, chap. 3.</p> <p>Pratt, Shannon P. <i>Business Valuation Body of Knowledge: Exam Review and Professional Reference</i>. John Wiley & Sons. chap. 18.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. <i>PPC's Guide to Business Valuation</i>, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 4 and appendices.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008, <i>Valuing a Business: The Analysis and Appraisal of Closely Held Companies</i>, 5th ed. New York: McGraw-Hill, chap. 8.</p>
	c. Financial ratios	<p>Trugman, Gary R. 2008. <i>Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses</i>, 3rd ed. New York: AICPA, chap. 6.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008, <i>Valuing a Business: The Analysis and Appraisal of Closely Held Companies</i>, 5th ed. New York: McGraw-Hill, chap. 8.</p> <p>Hitchner, James R. 2006. <i>Financial Valuation: Application and Models</i>, 2nd ed. New York: John Wiley & Sons, chap. 3.</p> <p>Pratt, Shannon P. <i>Business Valuation Body of Knowledge: Exam Review and Professional Reference</i>. John Wiley & Sons. chap. 18.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. <i>PPC's Guide to Business Valuation</i>, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 4.</p>
	d. Dupont analysis: return on equity and return on assets	<p>Trugman, Gary R. 2008. <i>Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses</i>, 3rd ed. New York: AICPA, chap. 6.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008, <i>Valuing a Business: The Analysis and Appraisal of Closely Held Companies</i>, 5th ed. New York: McGraw-Hill, chap. 8.</p>
	4. Adjustments to financial statements	

	<p>a. Normalizing</p>	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 6.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 3.</p> <p>Pratt, Shannon P. Business Valuation Body of Knowledge: Exam Review and Professional Reference. John Wiley & Sons. chap. 18.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 4.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008, Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 7.</p>
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Section	Topic/Content	Referenced Readings
	<p>b. Control vs. non-control</p>	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 6.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 3,7,9-12,15,16.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons., chap. 3,4,7,8,12,13.</p> <p>Pratt, Shannon P. Business Valuation Body of Knowledge: Exam Review and Professional Reference. John Wiley & Sons. chap. 18.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 8.</p>
	<p>c. Separation of operating and non-operating items</p>	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 6.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 7,11,12,13.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 1,4,6,9,18.</p> <p>Pratt, Shannon P. Business Valuation Body of Knowledge: Exam Review and Professional Reference. John Wiley & Sons, chap. 18.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R.</p>

		Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 4,7.
	<p>d. Off-balance sheet items</p> <p>(1) Other adjustments</p> <p>(2) Implied tax adjustments</p> <p>(3) Unusual and/or non-recurring items</p> <p>(4) GAAP based adjustments</p>	<p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 5,7,14.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 3,5.</p> <p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 6.</p> <p>Pratt, Shannon P. Business Valuation Body of Knowledge: Exam Review and Professional Reference. John Wiley & Sons. chap. 18.</p>
	D. STATISTICS RELATED TO VALUATION ANALYSIS	
	<p>1. Understanding measures of central tendency (e.g., arithmetic, harmonic and geometric means and median)</p>	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 8.</p> <p>Lind, Douglas A., Marchal, William G., Wathen, Samuel A. Statistical Techniques in Business & Economics, 13th ed. McGraw-Hill Irwin. 2006 chapter on Measure of central tendency.</p>
	<p>2. Understanding measures of dispersion (e.g., variance and standard deviation)</p>	<p>Lind, Douglas A., Marchal, William G., Wathen, Samuel A. Statistical Techniques in Business & Economics, 13th ed. McGraw-Hill Irwin. 2006 chapter on Probability Distributions, Sampling and Central Limit Theorem.</p>

Section	Topic/Content	Referenced Readings
	<p>3. Understanding statistical strengths of numerical relationships (including covariance, correlation, coefficient of determination and coefficient of variation)</p>	<p>Lind, Douglas A., Marchal, William G., Wathen, Samuel A. Statistical Techniques in Business & Economics, 13th ed. McGraw-Hill Irwin. 2006 chapter on One-Sample Test of Hypothesis and Linear Regression and Correlation.</p>

	4. Understanding linear regression	Lind, Douglas A., Marchal, William G., Wathen, Samuel A. Statistical Techniques in Business & Economics, 13th ed. McGraw-Hill Irwin. 2006 chapters on Multiple Regression and Correlation Analysis.
IV. VALUATION ANALYSIS 50-60%		
This Section covers knowledge of the three primary approaches to value and related hybrid methods. It also covers levels of value, discounts, premiums and the reconciliation of indicated values.	A. LEVELS OF VALUE APPROPRIATE TO THE ENGAGEMENT	
	1. Control strategic (public or private company)	Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 4.
	2. Minority/Control standalone liquid (public company)	Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 15.
	3. Control liquid (private company)	Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 6,8.
	4. Control standalone (private company)	Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 8.
	5. Minority non-marketable private company)	

Section	Topic/Content	Referenced Readings
	B. VALUATION APPROACHES	
	1. Income approach	Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 5,10,11.
	a. General theory	Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 9,10.
	b. Sources of data	Pratt, Shannon P. and Gabrowski, Roger J. 2008. Cost of Capital: Applications and Examples, 3rd ed. New Jersey: John Wiley & Sons, entire text.
	c. Commonly used methods	

	(1) Capitalized economic income/cash flow method (CCF), including Gordon growth model (constant growth model)	Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 4,5.
	(2) Discounted economic income/cash flow method (DCF), including Gordon growth model (two-stage model)	Miller, Warren D. 1999. Assessing Unsystematic Risk: Part I. CPA Expert, Vol. 5, No. 3 (Summer 1999), pp. 1-5.
	d. Commonly used models - Direct equity model versus invested capital model	Miller, Warren D. 2000. Assessing Unsystematic Risk: Part II - The Macroenvironment. CPA Expert, Vol. 6, No. 1 (Winter 2000), pp. 1-5.
	e. Types of benefit streams and selection	Miller, Warren D. 2000. Assessing Unsystematic Risk: Part III - Market Structure. CPA Expert, Vol. 6, No. 3 (Summer 2000), pp. 1-5.
	f. Cost of capital concepts and methodology, and other models	Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 5.
	(1) Capital asset pricing model (CAPM) and beta (b), including unlevering and relevering betas	
	(2) Build-up method	
	(3) Duff & Phelps risk premiums	
	(4) Weighted average cost of capital	
	(5) Understanding the security market line	
	(6) Understanding option pricing theory	
	g. Selection of appropriate time periods (including mid-year convention)	

Section	Topic/Content	Referenced Readings
	2. Market approach	
	a. General theory	Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 5,7,8.
	b. Sources of data	Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York:

	c. Commonly used methods	McGraw-Hill, chap. 11,12.
	(1) Transactions in subject company's stock	Pratt, Shannon P. 2005. The Market Approach to Valuing Businesses, 2nd ed. New York: John Wiley & Sons -entire text.
	(2) Guideline publicly traded company method	Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 6.
	(3) Guideline merged and acquired company (transaction) method	Miller, Warren D. 1999. Assessing Unsystematic Risk: Part I. CPA Expert, Vol. 5, No. 3 (Summer 1999), pp. 1-5.
	d. Selecting guideline companies	Miller, Warren D. 2000. Assessing Unsystematic Risk: Part II - The Macroenvironment. CPA Expert, Vol. 6, No. 1 (Winter 2000), pp. 1-5.
	e. Equity versus invested capital (including price multiples)	Miller, Warren D. 2000. Assessing Unsystematic Risk: Part III - Market Structure. CPA Expert, Vol. 6, No. 3 (Summer 2000), pp. 1-5.
	f. Selection of appropriate time periods	Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 6.
	g. Selection and adjustment of appropriate multiples	
	3. Asset approach	Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 9,10.
	a. General theory	Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 13,14.
	b. Sources of data	Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 6.
	c. Commonly used methods	Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 7.
	(1) Adjusted (net) asset method	
	(2) Excess earnings (cash flow) method	
	d. Considerations in liquidation	

Section	Topic/Content	Referenced Readings
	e. Issues in valuing intangible assets: approaches and methods	Reilly, Robert F. and Robert P. Schweihs. 1999. Valuing Intangible Assets. New York: John Wiley & Sons, chap. 1,6-10. Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 17.

		Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 21.
	f. Tax-effecting the balance sheet	Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 21.
	4. Hybrid/other models	Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 13. Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 7.
	a. General theory	
	b. Sources of data	
	c. Commonly Used Methods-Excess Earnings Method	
	C. DISCOUNTS, PREMIUMS AND OTHER ADJUSTMENTS	
	1. Levels of value and effect on discounts and premiums	Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 12.
	2. Discount for lack of control (DLOC) and control premium	Pratt, Shannon P. 2001. Business Valuation Discounts and Premiums. New York: John Wiley & Sons - entire text. Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 15. Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 16. Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 8. Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 8.
	a. Sources of data	
	b. Ownership characteristics	
	c. Magnitude	
	3. Discount for lack of marketability (DLOM)	
	a. Sources of data	Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 17.
	b. Ownership characteristics	

		Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 8.
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Section	Topic/Content	Referenced Readings
	c. Restrictions on transferability	
	d. Magnitude	
	4. Discounts and premiums— understanding the empirical studies	Pratt, Shannon P. 2001. Business Valuation Discounts and Premiums. New York: John Wiley & Sons - entire text. Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 15,16,17.
	5. Allocation between voting and non-voting stock	Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 12. Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 3,16,18. Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 8.
	6. Other valuation discounts and adjustments	Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 12. Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 18. Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 8.
	D. RECONCILIATION OF INDICATED VALUES	Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 14. Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 19.

V. RELATED TOPICS 10-18%	A. FINANCIAL REPORTING	
<p>This Section covers knowledge of other important topics pertaining to business valuation. These include financial reporting, litigation and dispute resolution services, case law, intellectual property and other intangible assets, family limited partnerships (FLPs), limited liability companies (LLCs), employee stock ownership plans (ESOPs), special types of securities, and reporting.</p>	<p>1. Fair value measurements</p>	<p>Zyla, Mark L. and Thamer, Theresa D. Fair Value Accounting: A Critical New Skill for All CPAs. New York: AICPA, Entire text.</p> <p>Mard, Michael J., James R. Hitchner, and Steven D. Hyden. Valuation for Financial Reporting, 2nd ed.): Fair Value Measurements and Reporting, Intangible Assets, Goodwill, and Impairment. New York: John Wiley & Sons, Inc. 2007. chap. 1.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 39.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 17.</p>
	<p>2. Business combinations</p> <p>3. Goodwill and other intangibles, and measuring impairment</p> <p>4. Accounting for the impairment of long-lived assets</p> <p>5. Fair value measurements</p> <p>6. The fair value option</p> <p>7. Compensation - stock compensation</p>	<p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 21.</p> <p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 1,4,15.</p> <p>Financial Accounting Standards Board (FASB) <i>Accounting Standards Codification (ASC) 805</i>;</p> <p>FASB ASC 350</p> <p>FASB ASC 205-20 and 360-10</p> <p>FASB ASC 820-10</p> <p>FASB ASC 825-10</p> <p>FASB ASC 505 and 718</p>

Section	Topic/Content	Referenced Readings
	<p>B. LITIGATION SERVICES</p>	<p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 15,17,23.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort</p>

		<p>Worth: Practitioners Publishing Company, chap. 13.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 40,41,42.</p>
	1. Types of service	
	a. Shareholder disputes	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 19.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 15.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 40,42.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 15.</p>
	b. Marital dissolutions	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 17.</p> <p>Pratt, Shannon P. Business Valuation Body of Knowledge: Exam Review and Professional Reference. John Wiley & Sons, chap. 26.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 17.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 37,38.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 12.</p>
	c. Commercial damages: lost profits vs. loss of value	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 21.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 23.</p>

Section	Topic/Content	Referenced Readings
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	<p>2. Federal Rules of Civil Procedure (Rule 26 General Provisions Governing Discovery; Duty of Disclosure)</p>	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 14.</p> <p>Pratt, Shannon P. Business Valuation Body of Knowledge: Exam Review and Professional Reference. John Wiley & Sons, app. B.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 41.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 13.</p>
	<p>3. Federal Rules of Evidence (Rule 703-Basis of Opinion Testimony by Experts)</p>	<p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 41.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 13.</p>
	<p>4. Roles of the valuation analyst in litigation services</p>	<p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 23.</p> <p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 17.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 40.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 13.</p>
	<p>a. Expert witness</p>	<p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 23.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 41.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 13.</p>
	<p>b. Consultant</p>	<p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 13.</p>

Section	Topic/Content	Referenced Readings
	5. Scope of services	
	a. Fact-finding (including discovery and analysis of data)	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 6.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 40,41.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 13.</p>
	b. Document management	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 3.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 1,2.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 13.</p>
	c. Expert testimony	<p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 41.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 13.</p>

Section	Topic/Content	Referenced Readings
	C. CASE LAW	

	<p>1. Case law directly related to business valuation (including, but not limited to, income taxation, estate and gift taxation, and ESOPs)</p>	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 16,17,19,20, app. 19.</p> <p>Pratt, Shannon P. and Gabrowski, Roger J. 2008. Cost of Capital: Estimation and Applications, 2nd ed. New Jersey: John Wiley & Sons., Part 6. chap. 36,37,38.</p> <p>Pratt, Shannon P. 2005. The Market Approach to Valuing Businesses, 2nd ed. New York: John Wiley & Sons, chap. 19.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 17,26,28,31,33,36,38,41.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 10,12,14,15.</p>
	<p>2. Case law relating to admissibility of expert opinions (e.g., Daubert v. Merrill Dow Pharmaceuticals; Kuhmo Tire Co. v. Carmichael)</p>	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 1.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 14.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 41.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 13.</p>
	<p>D. INTELLECTUAL PROPERTY AND OTHER INTANGIBLE ASSETS</p>	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 15.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 21.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 17.</p>
	<p>1. Valuation approaches and methods</p>	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 15.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 21.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 14,30.</p>

Section	Topic/Content	Referenced Readings
	2. Valuing specific intangible assets	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 15.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 21.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 14,30,31.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 17.</p> <p>AICPA Practice Aid, Assets Acquired in a Business Combination to Be Used in Research and Development Activities: A Focus on Software, Electronic Devices, and Pharmaceutical Industries, AICPA 2001.</p>
	E. FLPs AND LLCs	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 16.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 13.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 27,28.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 14.</p>
	1. Unique FLP/LLC issues	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 16.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 13.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 27,28.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 14.</p>

	<p>2. Data sources for discounts</p>	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 12,16.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 8.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 15,16.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 14.</p>
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Section	Topic/Content	Referenced Readings
	<p>3. Application of Internal Revenue Code sections 2703 through 2704, and 2036</p>	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed.. New York: AICPA, chap. 1,16.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 13.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 27,28.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 14.</p>
	<p>F. ESOPS</p>	<p>Pratt, Shannon P. Business Valuation Body of Knowledge: Exam Review and Professional Reference. John Wiley & Sons, chap. 24.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 16.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 32,33.</p>
	<p>1. Appropriate methods</p>	<p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 16.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 32.</p>

	2. U.S. Department of Labor adequate consideration regulations	<p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 16.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 32.</p>
	3. Discount for lack of marketability	<p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 16.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 32,33.</p> <p>Pratt, Shannon P. 2005. The Market Approach to Valuing Businesses, 2nd ed. New York: John Wiley & Sons, chap. 12.</p>

Section	Topic/Content	Referenced Readings
	G. SPECIAL CLASSES OF SECURITIES	
	1. Valuing preferred stock	<p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 24.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 24.</p>
	2. Valuing convertible instruments	<p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 24.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 23.</p>
	3. Valuing stock options and other derivative instruments	<p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 24.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 25.</p> <p>Jay E. Fishman, Shannon P. Pratt, J. Clifford Griffith, and James R. Hitchner 2008. PPC's Guide to Business Valuation, 18th ed.. Fort Worth: Practitioners Publishing Company, chap. 16.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 25.</p>

	H. REPORTING	AICPA's Statement on Standards for Valuation Services No. 1 paragraphs 47-78 and app. A.
	1. Jurisdictional exceptions	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 14.</p> <p>AICPA's Statement on Standards for Valuation Services No. 1 paragraph 50.</p>

Section	Topic/Content	Referenced Readings
	2. USPAP	<p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 14.</p> <p>Hitchner, James R. 2006. Financial Valuation: Application and Models, 2nd ed. New York: John Wiley & Sons, chap. 10.</p> <p>Pratt, Shannon P., Niculita, Alina V. 2008. Valuing a Business: The Analysis and Appraisal of Closely Held Companies, 5th ed. New York: McGraw-Hill, chap. 20.</p> <p>Trugman, Gary R. 2008. Understanding Business Valuation: A Practical Guide to Valuing Small to Medium-Sized Businesses, 3rd ed. New York: AICPA, chap. 2.</p>
	3. Statement on Standards for Valuation Services No. 1	AICPA Statement on Standards for Valuation Services No. 1, Valuation of a Business Ownership Interest, Security, or Intangible Asset.
	a. Oral reports	AICPA's Statement on Standards for Valuation Services No. 1 paragraph 78.
	b. Summary reports c. Detailed reports	<p>AICPA's Statement on Standards for Valuation Services No. 1 paragraph 71.</p> <p>AICPA's Statement on Standards for Valuation Services No. 1 paragraph 51.</p>

BV Reference Books

- *Understanding Business Valuation: A Practical Guide to Valuing Small to Medium Sized Businesses* by G. Trugman; 3rd ed.; 2008; New York: AICPA.
- *Valuing a Business: The Analysis and Appraisal of Closely Held companies* by S Pratt & A Niculita; 5th ed.; 2007; New York: McGraw Hill.
- *Financial Valuation: Application and Models* edited by J. Hitchner; 2nd ed.; 2006; New York: Wiley Publishing.
- *PPC's Guide to Business Valuation* by S. Pratt, J. Fishman, J.C. Griffith, J. R. Hitchner; updated annually; Fort Worth: Practitioners Publishing Company.
- *Business Valuation Body of Knowledge: Exam Review and Professional Reference* by S. Pratt; 2nd ed.; 2003; New York: Wiley Publishing.
- *Cost of Capital: Estimation and Applications* by S. Pratt; 3rd ed.; 2008; New York: Wiley Publishing.
- *The Market Approach to Valuing Businesses* by S. Pratt; 2nd ed.; 2006; New York: Wiley Publishing.
- *Competitive Strategy: Techniques for Analyzing Industries and Competitors* by M. Porter; 1998; Free Press Publishing (a Division of Simon & Schuster).
- *Statistical Techniques in Business and Economics* by S. Wathen, D. Lind, and W. Marchal; 13th ed.; 2006; New York: McGraw Hill.
- *Business Valuation: Discounts and Premiums* by S. Porter; 2001; New York: Wiley Publishing.
- *Valuing Intangible Assets* by R. Reilly and R. Schweihs; 1998; New York: McGraw Hill.
- *Fair Value Accounting: A Critical New Skill for All CPAs.* Zyla, Mark L. and Thamer, Theresa D. New York: AICPA, Entire text.
- *Valuation for Financial Reporting: Fair Value Measurements and Reporting, Intangible Assets, Goodwill, and Impairment* by M. Mard and J. Hitchner; 2007; New York: Wiley Publishing.

AICPA Publications and Pronouncements Related to Business Valuation

- *AICPA Statement on Standards for Valuation Services No. 1*
- *AICPA Statement on Standards for Consulting Services No. 1*
- *AICPA Code of Professional Conduct*
- *AICPA Statement on Auditing Standards SAS No. 73 and SAS No. 101*
- *AICPA Interpretation 101-3—Performance of Nonattest Services*
- Consulting Services Division. *AICPA Consulting Services Special Report 03-1 — Application of AICPA Professional Standards in the Performance of Litigation Services*. 2003. New York: AICPA. Product No. 055297
- Consulting Services Division. *AICPA Consulting Services Practice Aid 96-3 - Communicating in Litigation Services: Reports*. 1996. New York: AICPA. Product No. 055000.
- *AICPA Special Report 08-1 – Independence, Integrity, & Objectivity in Performing Forensic and Valuation Services*. 2008. New York: AICPA. Product No. 055306.
- Frank, Peter B., & Michael J. Wagner. 1993. *AICPA Consulting Services Practice Aid 93-4 - Providing Litigation Services*. New York: AICPA.
- Miller, Warren D. 1999. *Assessing Unsystematic Risk: Part I*. *CPA Expert*, Vol. 5, No. 3 (Summer 1999), pp. 1-5.
- Miller, Warren D. 2000. *Assessing Unsystematic Risk: Part II - The Macroenvironment*. *CPA Expert*, Vol. 6, No. 1 (Winter 2000), pp. 1-5.
- Miller, Warren D. 2000. *Assessing Unsystematic Risk: Part III - Market Structure*. *CPA Expert*, Vol. 6, No. 3 (Summer 2000), pp. 1-5.
- Miller, Warren D. 2002. *Assessing Unsystematic Risk: Part IV - Industry Dynamics*. *CPA Expert*, Vol. 8, No. 1 (Winter 2002), pp. 1-5.



Other Publications and Pronouncements Related to Business Valuation

- Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements and Disclosures*
- FASB ASC 505, *Equity*, and 718, *Compensation—Stock Compensation*
- FASB ASC 805, *Business Combinations*
- FASB ASC 350, *Intangibles—Goodwill and Other*
- FASB ASC 205-20, *Presentation of Financial Statements*, and 360-10, *Property, Plant, and Equipment*
- FASB ASC 825-10, *Financial Instruments*
- Appraisal Foundation: *Uniform Standards of Professional Appraisal Practice*, 2008-2009 ed.
- Internal Revenue Code Section 409A
- Internal Revenue Service Notice 2007-78
- Internal Revenue Service Notice 2006-96
- Internal Revenue Service Notice 2006-46
- Internal Revenue Bulletin No. 1